

Memorandum

To: Panel Members Date: September 26, 2001

From: Ron Tagami, Manager
Peter DeMauro, General Counsel File: exxonmobil3.130agr

Subject: One-Step Agreement for **Exxon Mobil Corporation**
www.exxonmobil.com

CONTRACTOR:

- Training Project Profile: Retraining: companies w/out-of-state competition
- Legislative Priorities: Moving to a High Performance Workplace
- Type of Industry: Manufacturing
- Repeat Contractor: Yes
- Contractor's Full Time Employees:
 - Company Wide: 160,000
 - In California: 1,237
- Fringe Benefits: Yes
- Union Representation: Yes
- Name and Local Number of Union representing workers to be Trained: IBEW, Local 2295 and PACE, Region XI

CONTRACT:

- Program Costs: \$1,123,200
- Substantial Contribution: \$336,960
- Total ETP Funding: \$786,240
- In-Kind Contribution: \$2,674,600
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Statewide
- Duration of Agreement: 24 months

TRAINING PLAN:

- Average Cost Trainee: New Hire: \$0 Retrainee: \$1,015
- Type(s) of Training: Continuous Improvement, Hazardous Materials,
Manufacturing Skills, Management Skills, Computer
Skills, Business Skills, and Safe Work Practices
- Number to be retained: New Hire: 0 Retrainee: 775
- Range of hours: 40-200
- Range of hourly wages: \$14.00 to \$60.00
- Prevalent hourly wage: \$19.00
- Weighted average hourly wage: \$31.10
- Health benefits used to meet ETP
minimum wage: No

SUBCONTRACTORS:

Contracted Computer Training, Marina del Rey, California, \$15,000 for class/lab training.

Roslyn Hammer, Rancho Palos Verdes, California, \$40,000 for Administration.

THIRD PARTY SERVICES:

Roslyn Hammer assisted with the preparation of the training plan, curriculum, and Single Employer Certification. The amount reimbursed for services is \$38,000 which the applicant states is based on a flat rate.

PRIOR PROJECTS:

The following are completed project statistics for ETP Agreements with this Contractor within the last five years:

Agreement No.	Location (City)	Term	Agreement Amount	Amount Earned	% Earned
ET70391	Torrance	6/30/97-6/29/99	\$876,960	\$783,720	89%

ACTIVE PROJECTS:

The following are current project statistics:

Agreement No.	Term	Agreement Amount	Number To be Retained	Number Enrolled	Number Completed Training	Number Hired (Complete for new hires only)	Number retained for 90 days
ET91073	6/30/99-6/29/01	\$1,015,560	747	820	742		742*

*Contractor has retained 99% of the trainees.

NARRATIVE:

This is the third project between Exxon Mobil Corporation and the Employment Training Panel. Exxon Mobil qualifies for ETP's funding criteria under the manufacturing category as stated in Title 22, California Code of Regulations, Section 4416 (b).

Exxon Mobil Corporation (Exxon Mobil) was a part of the Standard Oil Trust, organized in 1882 by John D. Rockefeller, to meet the need of the growing demand for kerosene, lubricants, and greases. The two refining companies, Standard Oil of New Jersey and Standard Oil of New York, or "Jersey Standard" and "Socony" as they were more commonly called, were the predecessors of Exxon and Mobil, respectively. In 1911 the U.S. Supreme Court ordered the dissolution of the Standard Oil Trust, resulting in the spin off of 34 companies, including Jersey Standard and Socony.

In 1955, Socony became Mobil Oil Company, then in 1966, Mobil Oil Corporation. Jersey Standard changed its name to Exxon in 1972. In 1998, Exxon and Mobil merged to form what is now called Exxon Mobil Corporation. This merger enhances the ability of the company to be an effective global competitor in a volatile world economy and in an industry that is highly competitive.

Today Exxon Mobil conducts the exploration and production of oil and gas; manufacturing and marketing of fuels, lubes, and chemicals; power generation; and coal and minerals operations in over 200 countries. Training will include 775 workers primarily from the Torrance facility in California.

Other companies that move out of state or relocate operations to other countries can compete more easily because of lower labor costs and fewer or no costly restrictions. Since it is not possible to base its competitive strategy on having the lowest price, Exxon Mobil must provide the best value for the customer's dollar. The company defines its value as the best quality and the best service at reasonable prices.

NARRATIVE: (continued)

In order to remain competitive, Exxon Mobil must increase the skills and knowledge of the workforce. It must continue to strive to become a high performance workplace to increase productivity, reduce costs, and increase efficiency. They must train current workers in Continuous Improvement, Hazardous Materials, Manufacturing Skills, Management Skills, Computer Skills, Business Skills, and Safe Work Practices. They will be using a menu curriculum to give the company flexibility in determining which trainees will need which modules for which hours of training. This is necessary because many trainees will be cross-trained to increase efficiency throughout the company. The training department will be coordinating the assessments and will be assigning trainees to specific modules and hours of training.

ETP training in this third project will focus on blending the two previous companies (Exxon and Mobil Oil) into one strong corporation. Prior projects trained workers in Production Techniques in order to continuously improve the company. That training will not be duplicated except for those workers (approximately 35%) who have not had any ETP training before. The other 65% of trainees will be workers whose training will be focused on new safety procedures in the use of new equipment and new processes that require advanced training skills.

The International Brotherhood of Electrical Workers (IBEW), Local 2295 and Paper, Allied-Industrial, Chemical & Energy Workers International Union, AFL-CIO, CLC (PACE), Region XI certified in writing that they support this training.

The contractor has certified in writing that no senior policy executives will be enrolled in the ETP funded training.

Roslyn Hammer and the Contractor will conduct project administration.

Supplemental Nature of Training

The proposed training is primarily designed to train workers on new processes and on the use of new equipment, to maintain the company's competitiveness.

Currently, the company provides CBT training in subjects ranging from Fluid Mechanics and Process Chemistry to Product Properties and Principles of Liquid Measurements. This CBT training is provided to workers in a total of 350 topics that each equal 30 minutes of instruction. The company requires that 650 workers complete at least five hours of CBT training, and an additional 250 workers complete ten hours of CBT training. This training is considered basic training and has not been included in the proposed agreement.

In addition, Exxon Mobil provides training in 200 topics that are in the form of either lectures, seminars, and/or labs. A sample of the list of topics includes Introduction to Air Pollution Control, Introduction to Environmental Health, Introduction to Site Remediation, Basic Corrosion, Basic Metallurgy, Applied Statistics, Introduction to Lubes, and Risk Assessment Workshop. This training is conducted in the company on a routine basis and, therefore, has not been included in this proposal.

This training supplements the existing training because it is aimed at providing advanced skill levels to meet the requirements of the current level of technology. ETP funding will allow more workers to be trained, and will produce a more efficient workforce.

NARRATIVE: (continued)

In-Kind Contribution (continued)

Training will be conducted during the normal work day, and the company will pay full salary and benefits to its employees during the ETP training. Based on the participation of 775 workers at an average wage of \$31.10 per hour (for a total of 86,000 training hours), wages paid to employees during training will be \$2,674,600.

During the term of Agreement for the last ETP project, Mobil Oil Corporation spent in excess of \$1,600,000 for training not covered by ETP. For the next two years, while ETP funded training is being conducted, the company plans to spend just under \$1,500,000 for its regular training (not ETP funded). For the two years following the ETP funded training, the Contractor plans to spend \$1,729,390 for training in topics including but not limited to Capitol Investment Management, Refinery Economics, Respiratory Protection, Office 2000, Negotiating Skills, Managing Accounts, and Assertiveness Training.

COMMENTS:

Based on ETP's prior funding of projects for this contractor, and prior agreements' earnings exceeding \$250,000 in the last five years, a substantial contribution of \$336,960 (30%) has been applied to this project.

Safety training will be provided to Exxon Mobil workers who are directly engaged in the process of oil/gas extraction, and the training for these workers will not be subject to the restrictions listed in Title 22, California Code of Regulations, Section 4420.5, Safety Training.

PROPOSED ACTION:

Staff recommends that the Panel approve this proposal if funds are available and the project meets Panel priorities based on Exxon Mobil's stated need to provide its employees with skills to enhance the company's ability to remain competitive and to grow, and to ensure a continuing relationship with its customers in the community. The implementation of this proposed training will enable the company to remain viable in the California economy.

Training Data									(c) Payment Schedule				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Job #	Occupations	Type of Training	No. Retain	(a) Cls/Lab Hours	CBT Hours	(b) SOST Hours	Cost Per Trainee	Total SOST Trainer Hrs.	Hrs. to Enroll/ Pay 1 Enroll	Pay 2 Compl	Pay 3 Hired	Pay 4 After 90 Days	(d) Wage After Retention
1	Production Worker, Technical Staff, Supervisor, Manager, Administrative Staff, Supply Worker	Direct-Employer, Retrainees	245	40			\$364		8	\$ 91.00	\$ 182.00	\$ - \$ 91.00	\$14.00-\$60.00
687		Trainees will receive one or more of the following:		40									
		Continuous Improvement Hazardous Materials Manufacturing Skills Management Skills Computer Skills Business Skills Safe Work Practices											

2	Production Worker, Technical Staff, Supervisor, Manager, Administrative Staff, Supply Worker	Direct-Employer, Retrainees	125	80			\$728		8	\$ 182.00	\$ 364.00	\$ - \$ 182.00	\$14.00-\$60.00
687		Trainees will receive one or more of the following:		80									
		Continuous Improvement Hazardous Materials Manufacturing Skills Management Skills Computer Skills Business Skills Safe Work Practices											

(a)Advanced Technology must be provided as Class 4.

(b)Figures for calculation purpose only.

(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.

(d)Wages by occupation on Comment Page.

Training Data									(c) Payment Schedule				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Job #	Occupations	Type of Training	No. Retain	(a) Cls/Lab Hours	CBT Hours	(b) SOST Hours	Cost Per Trainee	Total SOST Trainer Hrs.	Hrs. to Enroll/ Pay 1 Enroll	Pay 2 Compl	Pay 3 Hired	Pay 4 After 90 Days	(d) Wage After Retention
3	Production Worker, Technical Staff, Supervisor, Manager, Administrative Staff, Supply Worker	Direct-Employer, Retraitees	120	120			\$1,092		8	\$ 273.00	\$ 546.00	\$ -	\$ 273.00
687		Trainees will receive one or more of the following:		120									\$14.00-\$60.00
		Continuous Improvement Hazardous Materials Manufacturing Skills Management Skills Computer Skills Business Skills Safe Work Practices											

4	Production Worker, Technical Staff, Supervisor, Manager, Administrative Staff, Supply Worker	Direct-Employer, Retraitees	120	160			\$1,456		8	\$ 364.00	\$ 728.00	\$ -	\$ 364.00
687		Trainees will receive one or more of the following:		160									\$14.00-\$60.00
		Continuous Improvement Hazardous Materials Manufacturing Skills Management Skills Computer Skills Business Skills Safe Work Practices											

(a)Advanced Technology must be provided as Workforce.

(b)Figures for calculation purpose only.

(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.

(d)Wages by occupation on Comment Page.

Training Data									(c) Payment Schedule				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Job #	Occupations	Type of Training	No. Retain	(a) Cls/Lab Hours	CBT Hours	(b) SOST Hours	Cost Per Trainee	Total SOST Trainer Hrs.	Hrs. to Enroll/ Pay 1 Enroll	Pay 2 Compl	Pay 3 Hired	Pay 4 After 90 Days	(d) Wage After Retention
5	Production Worker, Technical Staff, Supervisor, Manager, Administrative Staff, Supply Worker	Direct-Employer, Retraitees	165	200			\$1,820		8	\$ 455.00	\$ 910.00	\$ -	\$ 455.00
687		Trainees will receive one or more of the following:		200									\$14.00-\$60.00
		Continuous Improvement											
		Hazardous Materials											
		Manufacturing Skills											
		Management Skills											
		Computer Skills											
		Business Skills											
		Safe Work Practices											

Contract Totals

Program Cost		\$1,123,200	Total to be Retained	775
Substantial Contribution (30%)	(-)	\$336,960		
Multiple-Empl. Support (___%)	(+)	\$0		
TOTAL ETP Funding	(=)	\$786,240		

(a)Advanced Technology must be provided as class/lab.

(b)Figures for calculation purpose only.

(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.

(d)Wages by occupation on Comment Page.

Turnover Rate	% of Mgrs. & Sups. to be trained		Health Benefits Inc. in Wage?		
10.0%	NA		No		

Location of training: All training will be conducted at the company's worksite in any of the field locations in California during work hours.

Ratios: The ratio of trainers to trainees for class/lab training shall not exceed 1:20 for retrainees.

If Health Benefits is "YES", please explain: NA

Other notes:

Wages by occupation after retention:

<u>Occupations</u>	<u>Wage Range</u>
Production worker	\$19.00-\$32.00
Technical Staff	\$28.00-\$60.00
Supervisor/Manager	\$32.00-\$55.00
Administrative Staff	\$14.00-\$20.00
Supply worker	\$19.00-32.00